

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Dallas District Office
525 Griffin Street
Room 300
Dallas, TX 75202
(972)850-2500 Fax: (972)850-2501



June 1, 2007

Ms. Jeanene Hall, Secretary-Treasurer
AFGE
Local 1822 VA
4800 Memorial Dr., Bld. 93, Basement Rm 5
Waco, TX 76711

LM File Number 503-635

Case Number: [REDACTED]

Dear Ms. Hall:

This office has recently completed an audit of AFGE, Local 1822 VA under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Fredna White, Jeanene Hall, Andrew Henderson, Ronald Taylor on May 18, 2007, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing

the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local 1822 VA's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1822 VA did not retain adequate documentation for travel and credit card expenses incurred by union officers and employees. The Local did not retain any receipts for hotels, airlines, gas, supplies, or other items purchased with the union credit card or directly paid by check. As previously noted above, labor organizations must retain original receipts, bills, and vouchers (travel logs) for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 1822 VA did not require officers and employees to submit itemized receipts for meal expenses when not on per diem. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Disposition of Property

Local 1822 VA did not maintain an inventory of bibles and calendars it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

4. Failure to Record Receipts

Local 1822 VA did not record in its receipts records interest earned on a certificate of deposit or other two savings accounts. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. Bank records did not show that all cash

dues received in the union office were deposited. The Local did not record all disbursements from the same three accounts.

5. Meeting Minutes

Local 1822 VA did not maintain all membership and executive board meeting minutes for 2006. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings. If there are not enough members for a quorum it needs to be noted in the minutes. If the individual responsible for the minutes is absent and a meeting is held someone else needs to take the minutes.

6. Lack of Salary/ Allowance Authorization

Local 1822 VA did not maintain records to verify the allowance reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 for the secretary-treasurer was the authorized amount and therefore was correctly reported. The authorization for the allowance increase was located in the hand written executive board meeting minutes for January 2007. The union must keep a record, such as meeting minutes, to show all allowances were properly authorized by the entity or individuals in the union with the authority to establish allowances.

Based on your assurance that Local 1822 VA will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA)) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report LM-3 filed by Local 1822 VA for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away bibles and calendars during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways

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by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

2. Disbursements to Officers

Some expenses charged to the union credit cards were not properly reported next to the appropriate officer's name. It appears the union erroneously reported these payments in Item 48 or 54. All direct and indirect expenses are to be reported by the officer's name unless the expense falls into one of the exception categories listed in the LM-3 instructions.


As a reminder, Local 1822 VA must report the names, titles, and status of all officers in Item 24 (All Officers and Disbursements to Officers) for all payments made to them or on their behalf. This includes listing all past officers who are still receiving a monthly allowance from the union. The union must also report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

Item 24 (d) on the report was left blank. If the officers listed did not receive any salary or lost wage during the year a zero must be placed in each blank with an entry in item 24 (a).

I am not requiring that Local 1822 VA file an amended LM report for 2006 to correct the deficient items, but Local 1822 VA has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to AFGE, Local 1822 VA for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Fredna S. White, President